BRITISH COLUMBIA

BC STATS

Service BC
Ministry of Labour & Citizens' Services

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 06-43 October 27th, 2006

- **BC's population continues to get older; median age as of July 1st reaches 39.8 years**
- **BC manufacturers optimistic about fourth quarter prospects**
- **Retail sales up 1.0% in August**

The Economy

- **BC manufacturers surveyed in October remained confident about prospects for the fourth quarter.** Two thirds (67%, *seasonally adjusted*) expected to see little change in production, and 18% anticipated an increase.

  Sixty-six percent said that they thought the number of orders received in the fourth quarter would be about right, while 18% expected orders to rise and 16% predicted a decline. Eighty-two percent of producers thought that inventory levels would be about right and just 12% expected them to be too high. Producers weren't anticipating big changes in the backlog of unfilled orders. While 68% said employment levels will be unchanged, 20% thought that improved job prospects were likely over the next quarter.

  Canadian manufacturers were less optimistic, as more expected production prospects to decrease (21%) than to increase (16%). Fourteen percent of Canadian manufacturers thought inventory levels would be too high, and 23% expected that orders would fall. Job losses (20%) were thought to be more likely than job gains (15%), although most manufacturers (65%) did not anticipate much change in employment prospects. *Data Source: Statistics Canada*

- **Sales by retailers in the province were up (+1.0%, *seasonally adjusted*) in August, after a similar increase (+1.3%) in the previous month.** New Brunswick (-0.1%) and Saskatchewan (-0.6%) were the only provinces where sales declined. Canadian sales increased 1.0%, boosted by solid gains in Alberta (+1.8%), Ontario (+1.1%), Quebec (+0.8%) and parts of the Atlantic. New car dealers (+4.1%) helped fuel the growth on the national scene.

  Data Source: Statistics Canada

- **The number of British Columbians receiving regular employment insurance (EI) benefits increased 6.0% (*seasonally adjusted*) between July and August, rising to 42,300.** Nationally, the number of EI beneficiaries was up 3.8%, to 492,240. Saskatchewan (+23.2%) and Alberta (+16.0%) were the provinces that posted the biggest increases, but there were more EI recipients in every province except Newfoundland & Labrador (-0.6%). Despite the upsurge over the past month, the number of Canadians receiving EI benefits was still lower (-7.6%) than in August of last year.

  Data Source: Statistics Canada

- **Restaurant, caterer and tavern receipts in the province rose 2.0% (*seasonally adjusted*) in August.** Drinking places took in less (-1.5%) than in July, but food service establishments had a more lucrative month (+2.3%). Canadian establishments did not fare as well: receipts were up 0.3% overall, with increased revenues at food service establishments (+0.5%) outweighing a slip in receipts at drinking places (-1.7%). *Data Source: Statistics Canada & BC Stats*

Growing Older

- **British Columbia's population continues to get older, with its median age reaching 39.8 years as of July 1, 2006, compared with 37.9 in 2001.** The median has increased 12 years since dropping to a low of 27.8 in the early 1970s. Population ageing is primarily due to the long term decline in fertility levels, together with the steady increase in life expectancy.

  As of July 1, 2006, seniors accounted for an estimated 14% of the province's population, up from 11% twenty-five years ago. Meanwhile, the proportion of 20 to 64 year olds in the population increased from 59% in 1981 to 64%.

Report Regional Outlook: B.C.'s Northeast

Did you know...
Nearly half (48%) of Canadians say they believe in ghosts, 18% claim to have been in the presence of ghosts and 9% claim to have lived in a haunted house
Source: Ipsos-Reid

In the same time period BC has undergone a sharp drop in the number of children and school-aged people. As of July 1, 2006 the 0 to 19 age group made up less than one quarter (23%) of the population. By 2031, BC Stats' current projection expects this age group to drop to less than a fifth (18%) of the provincial population.

Nationally, the median age of the population reached a record high of 38.8 years as of July 1st of this year, up from 37.2 in 2001. Generally, the eastern-most provinces, such as Atlantic Canada and Quebec, have an older population, while Ontario and the western provinces have a lower median age. BC is the single exception to this east-west split among provinces, due in part to its low fertility rate.

Data Source: Statistics Canada & BC Stats

Organic Farming

- **Organic farming continues to take root in BC, with proportionally more farms devoted to this method of raising crops than in any other province.** In 2005, there were 482 certified organic farms in BC, accounting for nearly three percent of all farms in the province. BC also reported the highest number (108) of farms in transition to organic farming methods. The number of organic farms in British Columbia increased by almost ten percent between 2004 and 2005. Over this period, most of the growth was in vegetable production, which jumped by 30% in the number of farms and 16% in terms of acreage. Although farming is a relatively small industry in BC, 13% of Canada's organic farmers were operating in the province in 2005.

Saskatchewan was home to one third (1,230) of all organic farmers in 2005. Ontario had the most actual acreage being used for organic production (81,974 acres), but with 497 certified farms, accounted for just 14% of the national total. Quebec had 816 certified producers in 2005, representing 23% of organic farmers in Canada. Alberta (7%), Manitoba (6%) and the Atlantic provinces made up comparatively smaller proportions of Canada's organic farms.

Despite growth in some provinces, the total number of certified organic farms in Canada slipped to 3,618 in 2005, down from 3,670 the previous year. Most of the decline was attributable to fewer certified producers of maple syrup in Quebec and grain in Saskatchewan and Alberta. *Data Source: Canadian Organic Growers*

Food Consumption

- **Canadians are consuming fewer vegetables than they used to.** On average, Canadians chomped back 68.9 kg of fresh vegetables in 2005, down from 69.4 kg the previous year. However, if potatoes were excluded, fresh vegetable intake would actually have been on the rise in 2005. Potato consumption has been declining steadily in recent years. Farm production of potatoes was down 18.2% last year, more than twice the decline recorded in potato exports (-8.2%). This made for a limited supply of the vegetable, which in turn pushed prices higher.

Canadians ate more fresh fruit last year, averaging 39.4 kg., up from 37.6 kg in 2004. Apples, bananas, oranges and grapes remain the most popular, accounting for nearly half of all fresh fruit eaten, while tropical fruits like pineapples, mangos and papayas continue to make inroads into Canadian diets.

Intake of oils and fats was down a moderate 1.7% from last year and overall average energy consumption (caloric intake) also eased slightly (-1.1%). Calorie consumption has remained relatively stable in Canada since its upsurge in the 1990s. *Data Source: Statistics Canada*

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October 27th, 2006

For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

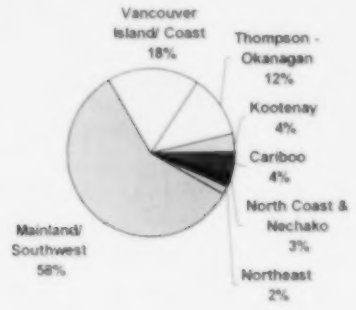
Issue 06-43
Oct. 27, 2006

Contact: Jade Norton (250) 387-1124
Originally published in *Small Business Quarterly* Issue 06-2. Annual Subscription $30 +GST

Regional Outlook: B.C.'s Northeast

With the 2010 Olympic Games fast approaching, British Columbia's economic climate has become a hot topic. Given the demographics of the province, the most populous areas are usually in the forefront of discussion on business and the economy while others generally tend to get less attention. In 2005, the Mainland/Southwest development region, which includes Greater Vancouver, was home to approximately 58% of the province's residents. Vancouver Island/Coast had an 18% share of BC's population, while the Thompson-Okanagan had 12%. The province's remaining regions together accounted for 12% of the population.

Distribution of BC's population by region



Data Source: Statistics Canada & BC Stats

Regardless of the province's population distribution, the economic impact of the 2010 Olympics is predicted to bode well for all regions of the province, not just those located nearest the host city of Vancouver. The games-induced increase in domestic and international travel to the province, along with spiked interest in tourism, is expected to have a positive impact on business throughout BC. Indeed, one of the goals of the 2010 Olympic Secretariat is to promote the advancement of cultural, economic and social legacies, which would benefit "every community in British Columbia".[1]

In order to determine the potential for economic growth in the province as a whole, it is important to consider the valuable contribution of all its parts. One particular region of interest is the Northeast. This area of the province is home to the smallest proportion of British Columbians and is essentially the furthest in terms of proximity to Mainland/Southwest. The Northeast has recently shown signs of strong economic growth, in some ways beyond that of other regions in the province.

Located in the upper north-east corner of BC, this development region is comprised of two districts, Peace River and Northern Rockies. Main urban centres in the area include Dawson Creek, Fort St. John and Fort Nelson. The Northeast is well known for its activity in the oil and gas industry and business activity in the region is heavily influenced by such activities. This part of the province has been a focus of petroleum exploration and development since the 1950s and as such, its three largest cities have strong ties to this industry.

Dawson Creek was host to BC's 2003 Oil and Gas Conference and will welcome the conference again in October, 2006. Known as the "Energy Capital of BC," Fort St. John is the largest city in north-eastern BC, and is the transportation and service hub for the area. Fort Nelson's economy relies heavily on lumber and natural gas as the mainstay of its economy, and is home to North America's largest gas processing plant.

Despite the relative importance of oil and gas exploration and development, there are many other industries into which the region is quickly

[1] British Columbia Olympic and Paralympic Winter Games Secretariat — Progress Report
(http://www.ecdev.gov.bc.ca/2010Secretariat/mission.htm)

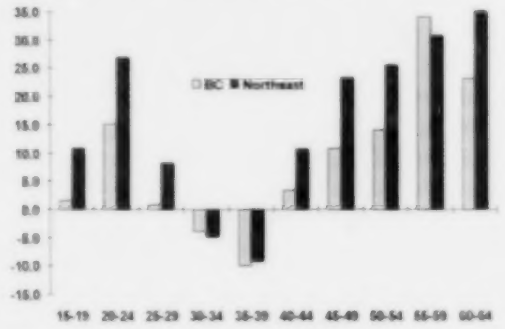
gaining footholds. The service sector is an integral and growing part of north-eastern communities as it provides essential services to other sectors of the economy including the petroleum, forestry, and mining industries. Tourism is also becoming increasingly important to the region and is a sector with significant growth potential both demographically and economically.

Population begins steady increase

While geographically vast, the Northeast is home to only 2% of BC's population and has historically experienced periods of slow growth as well as periods of shrinking population. Over the past decade, net migration for the Northeast has been predominantly negative and these outflows have resulted in a net loss of population. However, in the last few years, net migration has been positive, leading to overall population increases in the region for the fourth consecutive year in 2005 (+1.5%). Between 2000 and 2005, the population in the Northeast increased by nearly nine percent (+8.9%) while BC's population grew at a comparatively slower 5.3%.

The Northeast has also seen different shifts in the character and structure of its population than has the province as a whole, specifically in terms of age and sex. BC's population of young people aged 15 to 29 increased by 5.7% from 2000 to 2005 while the same age group expanded at nearly three times the pace (+15.1%) in the Northeast.

Percent change of work-age population in BC and Northeast from 2000 to 2005

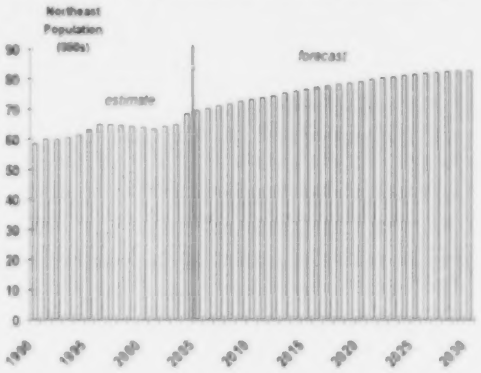


Data Source: Statistics Canada & BC Stats

The sex ratio in the Northeast is heavily biased in favour of males, likely due to the region's dependency on largely male-dominated resource industries.

The abundance of natural resources located in the area adds a fair amount of growth potential and projections indicate strong population growth over the long-term.

Population Expected to Increase Steadily



Data Source: BC Stats population projection (P.E.O.P.L.E. 31, July, 2006)

Strong employment in goods-producing sector

Since 2000, total employment in the Northeast has hovered between 32,000 and 35,000. Based on the North American Industry Classification

System (NAICS), the employment pattern in the Northeast is quite different from that of BC as a whole.

At 36% of the region's total employment, the goods producing sector had a larger share of employment in the Northeast than in any other region of the province in 2005. Not surprisingly, given the region's wealth of natural resources, this exceeds BC as a whole, where only 21% of overall employment was in this sector. Among goods-producing industries in the region, forestry, fishing, mining, oil & gas and construction employed the most workers in 2005. On the services side, trade, transportation & warehousing and accommodation & food services were the biggest players.

Northeast's 2005 employment distribution by industry

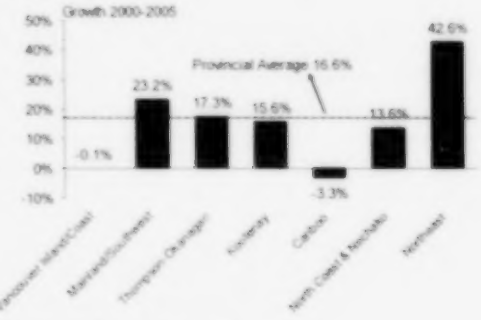
	% of total employment
Total employment	**100.0**
Goods-producing sector	**36.2**
Agriculture	7.3
Forestry, fishing, mining, oil and gas	10.8
Utilities	0.0
Construction	11.4
Manufacturing	5.8
Services-producing sector	**63.6**
Trade	14.6
Transportation and warehousing	8.7
Finance, insurance, real estate and leasing	0.0
Professional, scientific and technical services	5.2
Business, building and other support services	0.0
Educational services	5.0
Health care and social assistance	6.4
Information, culture and recreation	0.0
Accommodation and food services	7.3
Other services	5.8
Public administration	0.0

Data Source: Statistics Canada

Leader in self-employment growth

The Northeast led the province in self-employment growth between 2000 and 2005. Over this period, the number of self-employed in the region grew at a notable average annual rate of nearly 43%, more than double the provincial pace (+17% annually).

Regional self-employment growth rate 2000-2005



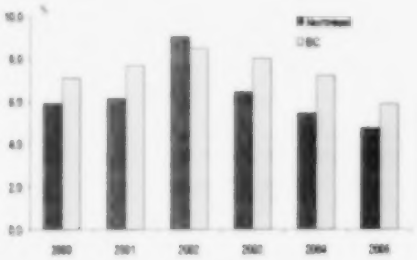
Data Source: Statistics Canada

Over the past five years in British Columbia, the proportion of total employment comprised of self-employed workers has been increasing steadily. In 2005, self-employment accounted for nearly 20% of total employment, up from 19% in 2004. At over 25% of total employment, the Northeast had an even higher percentage of self-employed in 2005, up five percentage points from 20% in 2004.

Lowest unemployment rates

Generally, the most populous regions of the province are prone to the lowest unemployment rates, while the more northerly, rural regions tend to have the highest rates. The Northeast is an exception to this trend. Partly reflecting its diversity of industry sectors in goods as well as services, it has historically recorded below average unemployment rates.

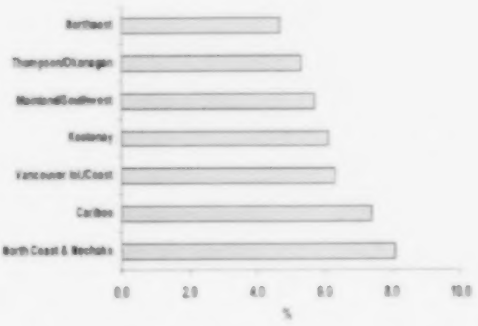
Unemployment rates generally lower in Northeast



Data Source: Statistics Canada

With the exception of 2002, unemployment rates have been below the provincial average since 2000. In 2005, it boasted the lowest unemployment rate in the province (4.7%), well below BC's rate of 5.9%.

Northeast had lowest unemployment rate in 2005

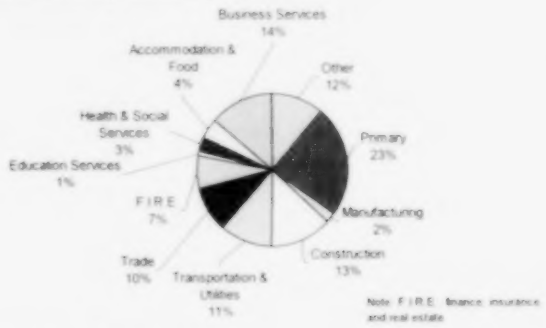


Data Source: Statistics Canada

Economic structure

Like its employment patterns, the activities in which businesses in the Northeast are engaged are varied. In 2005, approximately 23% of all operating businesses were in primary industry, while a further 13% were in construction. For the service sector as a whole, the largest concentration was in business services, which represent 14% of the region's businesses, followed by transportation & utilities (11%) and wholesale & retail trade (10%).

Distribution of operating businesses in Northeast by industry, 2005



Data Source: Statistics Canada

Small business booming

In 2005, 97% of businesses in the Northeast were classified as small businesses (with 0-49 employees). In some industries, such as agriculture, forestry, fishing & hunting almost all firms (99.6%) fall in this category. It is clear that, as in the rest of the province, small business is a vital component of the region's economy.

The distribution of small businesses among the province's regions is relatively on par with each region's share of BC's population. In 2005, approximately 57% of BC's small businesses were located in the Mainland/Southwest region, which includes Greater Vancouver, and Vancouver Island/Coast was home to a further 18%. The Thompson-Okanagan region was ranked third with 12% of small businesses. The remaining regions together accounted for around 13% of small businesses of which 2% were in the Northeast.

Despite its modest share of small businesses, between 2000 and 2005, the Northeast led the province in terms of growth with an average annual growth rate of 3.8%. This translates to an average annual addition of 200 new small businesses to the region and exceeds the average annual provincial growth rate of 1.3% over the same period.

Tourism gains ground

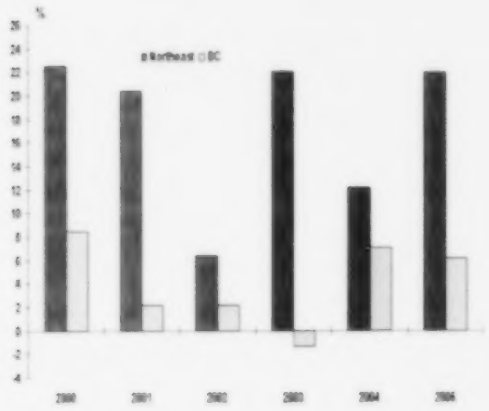
One of the obvious industries expected to experience an Olympic-induced boost over the next few years is tourism.

Despite its heavy reliance on a natural resource economy, tourism in the Northeast has been gaining steady ground. Tourists are drawn to the region for various reasons including the lure of remote areas and spectacular scenery. Eco-tourism continues to grow in the region as more and more tourists travel to the area to participate in outdoor activities such as fishing and white-water rafting. The success and growth of this industry will inevitably have a considerable impact on the region's businesses.

Since 2000, there has been a 15% increase in the number of accommodation properties in the Northeast. Special camps are set up to accommodate seasonal workers in the region, many of whom are employed in the oil and gas industry.

The Northeast accommodation market made up just two percent of total BC room revenues in 2000, but the share has been increasing steadily in recent years and revenue growth has surpassed that of any other region in the province. In 2005, room revenues in the Northeast contributed nearly four percent of total provincial room revenues, almost double its 2000 contribution. In 2005, revenues in the region climbed 22% from 2004 levels, more than any other development region and at a much faster pace than that of the province as a whole (+6%).

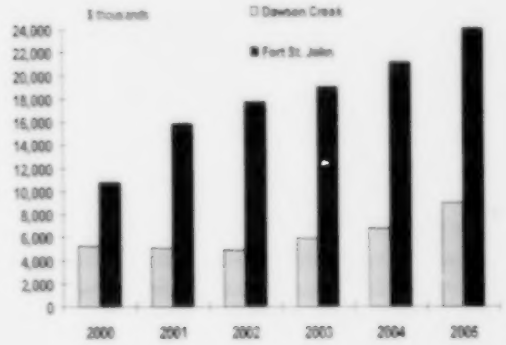
Northeast outperforms BC in annual room revenue increases



Data Source: BC Stats

Room revenues in Fort St. John climbed more than 30% from 2004 to 2005 and the city has seen an annual increase in room revenue for the past six years. The city of Dawson Creek has also seen significant increases in room revenues, increasing for the third consecutive year in 2005 (+33%).

Room revenues continue to grow in urban centres



Data Source: BC Stats

One of the main methods of travel to the Northeast is by plane. The Fort St. John airport is the busiest airport in the Northeast region, followed by Fort Nelson and Dawson Creek. Traffic at the Fort St. John airport, which serves the northern-most areas of the region, increased (+12.9%) to almost 40,500 movements in 2005, ranking it seventh among medium-sized airports (those with flight service stations) in Canada. Air traffic was also up at Dawson Creek airport (+35.4% to 9,200 movements) while traffic was down slightly at Fort Nelson (-4.3% to 18,086).

It is clear that in more ways than one, the Northeast has shown significant signs of growth in recent years. Only time will tell what sort of impact the 2010 Olympics will have on BC's development regions. Olympics aside, with its increasing, youthful population, long-standing reliance on primary industry and growing tourism sector, business in the Northeast is poised to continue to expand. Its unique economic structure along with its abundance of natural resources indicate substantial growth potential and establishes the region as an integral part of BC's economic landscape.

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Infoline

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Issue 06-43

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BC at a glance . . .

POPULATION (thousands)	Jul 1/06	% change on one year ago
BC	4,310.5	1.2
Canada	32,623.5	1.0
GDP and INCOME	2005	% change on one year ago
(BC - at market prices)		
Gross Domestic Product (GDP) *($ millions)*	168,011	6.8
GDP *($ 1997 millions)*	144,028	3.5
GDP *($ 1997 per Capita)*	33,853	2.2
Personal Disposable Income *($ 1997 per Capita)*	20,693	2.5
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Aug	3,567	4.8
Merchandise Exports - Aug	2,697	-1.9
Retail Sales - Aug	4,536	1.0
CONSUMER PRICE INDEX	% change on one year ago	12-month avg % change
(all items - Sep 2006)		
BC	1.0	1.9
Vancouver	1.4	1.8
Victoria	0.7	1.9
Canada	0.7	2.2
LABOUR FORCE (thousands)	Sep '06	% change on prev. month
(seasonally adjusted)		
Labour Force - BC	2,312	0.3
Employed - BC	2,201	0.3
Unemployed - BC	111	0.3
		Aug '06
Unemployment Rate - BC *(percent)*	4.8	4.8
Unemployment Rate - Canada *(percent)*	6.4	6.5
INTEREST RATES (percent)	Oct 25/06	Oct 26/05
Prime Business Rate	6.00	4.75
Conventional Mortgages - 1 year	6.40	5.25
- 5 year	6.80	6.00
US/CANADA EXCHANGE RATE	Oct 25/06	Oct 26/05
(avg. noon spot rate) Cdn $	1.1284	1.1703
US $ *(reciprocal of the closing rate)*	0.8883	0.8541
AVERAGE WEEKLY WAGE RATE	Sep '06	% change on one year ago
(industrial aggregate - dollars)		
BC	730.10	2.9
Canada	735.97	3.2

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Tourism GDP correction

We have corrected Tourism GDP posted to our site on September 5, 2006.

www.bcstats.gov.bc.ca/data/bus_stat/bcea/satacct.asp

Small Business Quarterly (FREE)

This longstanding periodical is now available for free on our site. Check out the latest issue (including data tables) and browse previous articles (previous articles have always been free for all our subscription periodicals).

www.bcstats.gov.bc.ca/pubs/pr_sbq.asp

A Guide to the BC Economy and Labour Market

The third edition of the *Guide* is now available. The *Guide* is a useful resource which provides an overview of the provincial economy and the characteristics of its workforce. Written by Lillian Hallin of BC Stats, it focuses on provincial industries with an emphasis on their human resource side. Economic terms are explained and examples provided, so that a background in economics is not needed to understand the material. The *Guide* also provides an historical perspective on how the provincial economy has developed, as well as what it may look like in the future.

www.bcstats.gov.bc.ca/pubs/econ_gui.asp

Released this week by BC STATS

- Business Indicators, October 2006
- Current Statistics, October 2006

Next week

- Tourism Sector Monitor, October 2006
- Labour Force Statistics, October 2006
- Earnings & Employment Trends, October 2006

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